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| Date Mailed June 8, 1998 |
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BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the City of Reedsburg, as an Electric Public
Utility, for Authority to Increase Electric Rates

4970-ER-102

**NOTICE OF INVESTIGATION, ASSESSMENT OF COSTS
AND TELEPHONIC HEARING**

On February 6, 1998, the city of Reedsburg, Sauk County, as an electric public utility, (Reedsburg) filed an application with the Public Service Commission (Commission) under ss. 196.03, 196.20 and 196.37, Stats., for authority to increase electric rates.

Reedsburg requests a rate increase that will produce a 7.0 percent rate of return on net investment rate base. Reedsburg cites increases in operating expenses and additional investments in the facilities needed to provide electric service since its last rate case in 1993 as the primary reasons for needing this increase.

Based on its review of Reedsburg's filing, Commission staff has proposed an overall increase in revenues of 2.46 percent. If Commission staff's proposal is approved, an average residential customer's bill would increase 14.6 percent, from \$38.40 to \$44.00 monthly, based on an average monthly usage of 750 kilowatt-hours. Commission staff's proposal also includes a 4.3 percent decrease for the general service (small commercial) customers, a 6.7 percent increase for small power customers, and a 0.8 percent increase for large power customers. These percentages represent the impact for an average customer in these rate classes. Individual customer bill impacts will differ from these percentages depending upon each customer's electric usage.

Reedsburg is responsible for notice to its customers of the filing of the above application with the Commission and, pursuant to s. PSC 2.73, Wis. Adm. Code, for producing proof of such notice at the hearing.

This is a Type III action under s. PSC 4.10(3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

NOTICE IS HEREBY GIVEN that the Commission will investigate this matter and hold a public hearing on Thursday, July 2, 1998, at 9:00 a.m. This will be a telephonic hearing involving two sites.

Reedsburg will provide a room for customer participation at the utility's office located at 344 South Willow Street, Reedsburg, Wisconsin. Customers may call the utility at (608) 524-4381 for further details on the location of the hearing room. This building is accessible to people in wheelchairs.

Commission staff will participate from the Public Service Commission Office Building, at 610 North Whitney Way, Madison, Wisconsin, in the Tomorrow River conference room. This building is accessible to people in wheelchairs through the Whitney Way first floor entrance (lobby). Parking for people with disabilities is available on the south side of the building. Any party with a disability who needs additional accommodations should contact Richard Teslaw, General Services Assistant at (608) 267-9766.

NOTICE IS FURTHER GIVEN that this matter is deemed to be a Class 1 proceeding as defined in s. 227.01(3)(a), Stats.

NOTICE IS FURTHER GIVEN that the Commission deems it necessary in order to carry out its duties herein to investigate the books, accounts, practices and activities of Reedsburg. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such investigation will be assessed against and collected from Reedsburg, in accordance with the provisions of s. 196.85, Stats., and ch. PSC 5, Wis. Adm. Code.

If there are any questions regarding the hearing scheduled in this notice, please call the Examining Division at (608) 266-1261.

Other questions regarding this matter may be directed to John E. Feit, at (608) 266-5620.

Dated at Madison, Wisconsin _____

For the Commission.

Susan E. Stratton, Administrator
Electric Division